



Control Number: 51871



Item Number: 23

Addendum StartPage: 0

2021 APR -6 PM 1:22

## OPEN MEETING COVER SHEET

**MEETING DATE:** April 7, 2021  
**DATE DELIVERED:** April 6, 2021  
**AGENDA ITEM NO.:** 8  
**CAPTION:** Project No. 51871 – Review of the ERCOT  
Scarcity Pricing Mechanism  
**DESCRIPTION:** Staff Memorandum

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# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Chairman Arthur C. D'Andrea

**FROM:** Werner Roth, Market Analysis Division  
David Smeltzer, Agency Counsel, Rules

**DATE:** April 6, 2021

**RE:** **April 7, 2021 Open Meeting – Agenda Item No. 8 – Project 51871 – Review of the ERCOT Scarcity Pricing Mechanism**

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At its March 5, 2021 open meeting, the Public Utility Commission of Texas (Commission) directed Commission Staff to open a project to evaluate whether the Commission should amend its rules to adjust the low system-wide offer cap (LCAP) prior to the 2021 summer season. To this point, the Commission also requested comments from interested parties addressing this question. In response, Commission Staff opened Project No. 51871, Review of the ERCOT Scarcity Pricing Mechanism, and requested comments from interested parties on the following questions:

1. Should the Commission amend its rules to adjust the LCAP?
2. If the Commission amends its rules to adjust the LCAP, what specific adjustments should it make?
3. If the Commission amends its rules to adjust the LCAP, when should these adjustments take effect?

Initial comments were due back to the Commission by March 19, 2021, and reply comments were due by March 26, 2021. In reviewing both sets of comments, Commission Staff notes that there was not a consensus position shared by all of the commentors on any of the three

# ***Public Utility Commission of Texas***

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## **Memorandum**

issued questions. However, the following positions were supported by the majority of commenters:

- The Commission should resolve any regulatory uncertainty around the use of LCAP for this summer as soon as practicable.
- LCAP should not be allowed to exceed the value of the high system-wide offer cap (HCAP).
- A more thorough and holistic review of the broader scarcity pricing mechanism is warranted but need not be rushed ahead of this summer. This review should be conducted longer-term as part of a more formal rulemaking process.

Commission Staff is available for briefing and discussion at the open meeting.